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universities and special schools**

University of Iowa
Iowa State University
University of Northern Iowa
Iowa School for the Deaf
Iowa Braille and Sight Saving School
Lakeside Lab Regents Resource Center
Quad-Cities Graduate Center
Southwest Iowa Regents Resource Center
Tri-State Graduate Center



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MEMORANDUM

To: Dave Reynolds, LSA
From: Robert Donley
Subject: Legislative Fiscal Committee Follow-up
Date: November 1, 2012

As a follow-up to requests and/or questions from the Legislative Fiscal Committee meeting on October 18, attached are the responses for distribution to the members of the committee.

Please do not hesitate to contact this office if you need additional information.

Sincerely,

Robert Donley

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cc: Legislative Liaisons
Legislative

Log

For University of Northern Iowa:

1. Base increase request for FY 2014, what is the amount UNI would receive?

| | |
|---|---------------------|
| UNI General University: | |
| Increase to Base 2.6% | \$ 2,108,960 |
| Strategic Initiative | <u>4,000,000</u> |
| | 6,108,960 |
| | |
| Special Purpose Units | \$ 7,815 |
| | |
| Economic Development | |
| Base 2.6% increase | \$ 14,943 |
| National Ag-Based Lubricant Center | 150,000 |
| Innovation Fund (replaces one-time funding) | <u>900,000</u> |
| | \$ 1,064,943 |
| | |
| TOTAL | <u>\$ 7,181,718</u> |

2. Amount of potential loss from losing Tuition set aside?

If tuition set-aside is eliminated and \$39.5 million is not appropriated for FY 2014, there would be a reduction of \$39.5 million in financial aid.

3. What would a 3% increase for all employees cost UNI?

The following FY 2014 cost estimates for a 3% increase for all UNI employees in salaries/wages and salary driven benefits (does not include health/dental insurance) in the General and Restricted Funds are shown below.

| | |
|------------|----------------------|
| | 3% Increase Estimate |
| General | \$3.54 million |
| Restricted | \$1.26 million |
| Total | \$4.80 million |

What are the 'true costs' of educating students?

While there is no standard for computing the "true cost" to educating students, the Board Office does complete a unit cost calculation on a biennial basis.

The unit cost of instruction represents the general fund supported cost of educating a full-time equivalent student for one school year. The unit cost equals the total amount of instructional expenditures divided by the number of FTE students. The unit cost data below pertains to FY 2011.

The following costs are included in the calculation: instruction, research, academic support, student services, and administrative costs attributable to instructional units.

The following costs are excluded from the calculation: building repairs, public service, scholarships, auxiliary enterprises, health care units, and indirect costs.

Unit Cost by Student Level - FY 2011

| | SUI | | ISU | | UNI | | Composite | |
|---------------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
| | Unit Cost | FTE | Unit Cost | FTE | Unit Cost | FTE | Unit Cost | FTE |
| Lower Division | \$8,384 | 8,984 | \$7,773 | 9,167 | \$8,371 | 3,839 | \$8,127 | 21,990 |
| Upper Division | 12,903 | 9,444 | 11,406 | 12,476 | 11,970 | 6,381 | 12,033 | 28,301 |
| Undergrad Composite | 10,700 | 18,428 | 9,867 | 21,643 | 10,618 | 10,220 | 10,325 | 50,291 |
| Masters | 20,253 | 2,767 | 13,001 | 2,047 | 16,989 | 877 | 17,141 | 5,691 |
| Advanced Graduate | 40,124 | 2,267 | 17,056 | 2,299 | 21,565 | 334 | 28,036 | 4,900 |
| Professional | 36,983 | 2,791 | 57,104 | 537 | - | - | 40,229 | 3,328 |
| Total Composite | \$17,042 | 26,253 | \$11,688 | 26,526 | \$11,427 | 11,431 | \$13,831 | 64,210 |

The unit cost of instruction varies significantly by student level and educational program. The University of Iowa has the highest composite unit cost due to the higher costs associated with their advanced graduate and professional level programs.

The complete report on the unit cost of instruction can be found at the following link.

http://www.regents.iowa.gov/Meetings/DocketMemos/12Memos/June2012/0612_ITEM03b.pdf

Please provide update on the capital projects

Update on Capital Projects for which Funds were Previously Appropriated

The three Board of Regents projects (SUI-Dental Science Renovation, ISU – Agricultural and Biosystems Engineering, UNI – Bartlett Renovation / Baker Demolition) for which funds were appropriated during the 2011 session are all under construction.

FY 2014 Capital Request

The Board's FY 2014 first priority is \$75 million, to be subsequently allocated, to correct fire and environmental safety deficiencies and deferred maintenance, provide campus safety improvements, and address regulatory compliance. As reported in the 2012 Facilities Governance Report,

http://www.regents.iowa.gov/Meetings/DocketMemos/12Memos/February2012/0212_ITEM08i.pdf, the State Fire Marshal's Office and other external entities identified fire safety deficiencies in general fund facilities which are anticipated to cost \$14.6 million to correct. For Fall 2011, the Regent institutions reported a total of \$552.8 million in deferred maintenance in general fund facilities and utilities.

Projects included in the Board approved FY 2014 capital request, in priority order, are:

| <u>Institution</u> | <u>Project</u> | <u>Amount [State Funds] (\$ thousands)</u> |
|--------------------|---|--|
| SUI | Pharmacy Building Replacement / Improvements (planning) | 6,000 |
| ISU | Biosciences Building (planning) | 5,000 |
| UNI | Schindler Education Center Renovation (planning) | 3,000 |

SUI – Pharmacy Building Replacement / Improvements

The College of Pharmacy is the fourth oldest college of pharmacy in a state-supported university in the country and has educated pharmacists since 1885. The College has developed nationally and internationally recognized programs of research and patient care delivery. Admission to the program is extremely competitive; graduates are well prepared and in high demand following graduation. For the past ten years the College has had a 100% placement rate.

The current Pharmacy Building was constructed in 1961. In 1996, a major addition, which serves primarily as a pharmaceutical research facility, was constructed on the site's south side. The age, condition, and configuration of the original building are constant strains on the quality and productivity of the College and its 441 Doctor of Pharmacy (Pharm.D.) students and 92 advanced students. Additionally, over the last decade significant advances in pharmaceutical research methods have challenged the functionality of research in both sections of the facility.

The University proposes replacing the 1961 building as modernizing it cannot serve the intensive educational space needs of the College; this can only be obtained through

construction of new space. In combination with new construction, the University intends to modernize 74,000 gross square feet of space within the 1996 facility.

The FY 2014 requested funds of \$6.0 million would begin the architectural and engineering design for the project. The five-year plan includes an additional \$61.6 million for both new construction and modernization in FY 2015 – FY 2017. An additional \$25.0 million in private gift funds and earnings from the College and the University would be committed to the project.

ISU – Biosciences Building

Iowa State University's research goals are to strengthen its capabilities in key strategic areas, including the biosciences; recruit outstanding faculty and students; develop innovative curricula and cross-disciplinary academic programs to train the next generation of scientists; and forge corporate research partnerships that can lead to the development of new products and applications in the areas of food, energy, health, nutrition, materials and environment.

A new building for the biosciences is part of a comprehensive plan to address the space needs of the biosciences programs at the University. Faculty from many disciplines including biology, agriculture, engineering, computer science, chemistry, and social sciences have actively collaborated for several years in the area of biosciences, which has helped bring the University's biosciences programs to their current level of excellence. More than 450 faculty members from five colleges are actively involved in the biosciences.

While some programmatic facility needs will be met through renovation and repurposing of existing space, there are some cases where floor-to-floor height, distribution of building services, size and configuration of existing walls and circulation patterns cannot be modified in a manner that responds to the changing types of spaces, services, and equipment required. There is also not enough existing space to meet the needs of these programs; a new facility is required. The University envisions that a number of older campus facilities would be demolished after the new facility is completed.

The FY 2014 requested funds of \$5.0 million would begin the planning for the construction of the facility. The five-year plan includes an additional \$37.5 million for the project in FY 2015 - FY 2017. Private gifts of \$20.0 million would also be utilized for the project.

UNI – Schindler Education Center Renovation

Schindler Education Center, which was constructed in 1972, is an integral part of the University's teacher education program, with major classrooms and offices for the College of Education. Renovation is needed to accommodate teacher education programs and teacher preparation courses. The building's electrical and mechanical systems would be updated and exterior repairs made. Interior modifications would be made to classrooms and office areas to accommodate new instructional methods. The University estimates that \$8.9 million in deferred maintenance will be corrected through the renovation.

The Schindler Renovation project is a key element in the University's vision of being known for innovative education and preparing students for success in a rapidly changing, globally competitive, and culturally diverse world. The project is directly related to the University's Strategic Plan Goal 3, "Lead the state and nation in pre K-12 education," including objectives, "Focus educator-preparation programs on developing 21st century leader practitioners at all levels," and "Re-examine and adapt educator-preparation programs, formal and non-formal, focusing on 21st century skills and knowledge and the use of technology."

The requested FY 2014 funds of \$3.0 million would begin planning for the renovation of the facility. Funds totaling \$28.6 million for the renovation are requested in FY 2015 – FY 2017.

1. Do budget requests include 3.4% for salary increases?

The appropriations request does not include funds for salary increases.

The following shows the requested increase (3.4%) for higher education.

Higher Education

| | |
|----------------------------------|-------------------|
| FY 2013 Recurring Appropriations | \$467,105,773 |
| Incremental Funds | 12,144,750 |
| Strategic Initiatives | <u>4,000,000</u> |
| Proposed Total Appropriations | \$483,250,523 |
| Total Requested Increase | \$ 16,144,750 |

If a salary bill is approved by the 2013 General Assembly, the Regents have requested inclusion in the bill. The historical salary adjustment need for the Regent Universities has been in the neighborhood of \$35-40 million.

Absent the approval of a salary bill in the coming legislative session, FY14 salary increases necessary due to negotiated agreements and increases for non-contract employees would be funded through the use of reallocated funds as well as potentially utilizing a portion of the 2.6 percent inflationary increase.

2. Does the 3.0% increase equal \$40.0 million, excluding UIHC?

A 3% increase is approximately \$36.0 million without the University of Iowa Hospital and Clinics.

3. A comparison was made between a 1.0% tuition increase for undergrad resident students (equals \$2.4 million) and a 1.0% cut in appropriations (equals \$4.7 million).

a) Was the 1.0% cut on the General University appropriations only?

A 1% change in the Undergraduate Resident tuition rate = \$2.4 million; a 1% change in General University appropriations = \$4.7 million.

b) I think I understand why we would exclude non-resident students' tuition from this comparison, but why would we not include graduate/professional students' tuition?

Those numbers were offered in relation to a chart showing percentage changes in appropriations and tuition rates over time and a question as to why the percentages weren't exactly correlated. It illustrates that a 1% cut in appropriations is a higher reduction in revenues than an offsetting 1% increase in tuition.

In regard to the budget request for \$39.5 million for a student financial aid program, would all of the money be distributed as aid or is a portion of it allocated to administrative costs?

The following statement on behalf of President Lang and President Pro Tem Rastetter, was sent on October 30, 2012 to the Regent University Presidents, Provosts, and VPs of Business and Finance:

“The Board of Regents wishes to clarify that all student need-based financial aid appropriated by the Iowa Legislature to replace Tuition Set-Aside aid will be allocated to qualified students. No administrative fees will be charged to these state funds.”